



# Alaska Division of Retirement & Benefits

## Leaving State Employment

- *Public Employees' Retirement System (PERS)*
- *Alaska Supplemental Annuity Plan (SBS-AP)*
- *Alaska Deferred Compensation Plan (DCP)*
  - *Group Health Insurance*
  - *Group Life Insurance*

When leaving State employment you must make several important decisions about your contributions to the retirement system, the Alaska Supplemental Annuity Plan, Alaska Deferred Compensation Plan, and your health and life insurance.

### ***Public Employees' Retirement System (PERS)***

If you are participating in the PERS, you can elect to retire (if eligible), leave your contributions in the PERS, or refund your contributions.

- If you are **retiring**, contact the Retirement Section at (907) 465-4460 before you terminate to obtain the necessary information and forms. Make sure you are eligible to retire **before** terminating employment.
- If you are vested (have at least 5 paid-up years of creditable PERS service), you may terminate and receive a retirement benefit when you reach retirement age. You must **leave your contributions** in the system.
- You may **refund** your PERS account after being terminated from employment for 60 days (or anytime after that).

Retirement Eligibility: \_\_\_\_\_

To receive PERS monthly retirement benefits, you must meet certain age and service requirements. If you first entered PERS employment:

- After June 30, 1986, you may retire at age 60 for normal retirement or age 55 for early.
- Before July 1, 1986, you may retire at age 55 for normal retirement or age 50 for early.

*You must also have at least:* \_\_\_\_\_

- Five paid-up years of PERS service; or
- 80 days (60 days if you were first hired before May 30, 1987) during each of five legislative sessions; or
- Two paid-up years of PERS service if you are vested in the Teachers' Retirement System (TRS).

*Or, you may retire at any age  
with full benefits if you have at least:* \_\_\_\_\_

- ❶ 30 paid-up years of PERS service; or
- ❷ 20 paid-up years of PERS service as a peace officer or fire fighter.

It does not pay to delay! You will **not** receive a higher PERS benefit if you have stopped working in a PERS position and delay receiving a retirement benefit until after your normal retirement age. See *Retirement Benefits*, *Pre-Retirement Death Benefits*, and *Insurance* in the *PERS Information Handbook* for details.

Medical benefits may also be available while you are receiving monthly benefits.

---

## **PERS Refunds**

You may refund your PERS employee account after being terminated from employment for at least 60 days. To request a refund, you must complete a *Refund Election* (form GEN008).

If you refund your PERS account, you will **not** be eligible for a retirement benefit unless you return to PERS employment and reinstate your refunded service or accumulate enough additional paid-up service to retire.

If you are vested and you want to receive a refund of your contributions, a consent to refund (on form GEN008) is required if you are married (some exceptions may apply).

The PERS is required to withhold 20% for federal income tax on all untaxed, lump-sum PERS accounts refunded directly to employees. The federal government may also impose a 10% penalty, in addition to regular taxes that may be due, when untaxed PERS contributions and interest are withdrawn in a lump sum before age 59½.

The 20% withholding and 10% penalty do **not** apply to the untaxed PERS refund amount **transferred directly**, through a plan-to-plan transfer, into an Individual Retirement Account (IRA), other qualified plan, or a fixed period certain annuity under certain conditions.

Contributions made before January 1, 1987, indebtedness payments, and voluntary contributions (if any), which have been taxed are not subject to the 20% federal tax withholding or the early withdrawal penalty. These contributions must be paid directly to you, even if your untaxed contributions are **transferred directly**.

If you are vested and die before retiring, your spouse may receive a monthly survivor benefit if you haven't refunded.

Please review *Contributions* in the *PERS Information Handbook* for details.

## ***Alaska Supplemental Annuity Plan (SBS-AP)***

You are *first eligible* to receive payment of your SBS-AP account when you have been terminated for at least 60 days, provided you are not rehired by the same employer before the 60 days have passed. The payment options are listed on page 6.

If you have completed an *Annuity Benefit Election* (form 02-210) to receive payment of your account, the SBS-AP will verify you are eligible to receive payment and set up the final payment instructions **after** the 60 days have passed. Actual payment of your account, if all required forms are complete, **will take up to 30 days after the 60-day eligibility period**.

You are not required to complete an SBS-AP election form unless you are planning to refund your account. However, you must have a deferral on record if you want to keep your account with SBS-AP after age 65. After you terminate, you may defer payment of your account until April 1 of the year after you turn 70½; however, payments **must** begin no later than April 1 of the year after you turn 70½. Your annuity account will continue to change in value depending on market conditions.

The SBS-AP is required to withhold 20% for federal income tax on (1) lump-sum payments paid directly to participants and (2) monthly payments under the five-year certain annuity option.

The federal government may also impose a tax penalty, in addition to regular taxes due, when SBS-AP accounts are withdrawn before age 59½ under the lump sum and five-, ten-, or 15-year certain payment options. The penalty is 10% of distribution amounts.

**EXCEPTIONS:** The penalty generally does not apply if your account is paid:

- After you reach age 59½;
- Upon termination of employment with the employer under which you earned the account, in the year you attain age 55;
- If you select a lifetime payment option;
- Upon permanent **and** total disability;
- Death; or
- Under a qualified domestic relations order, child support enforcement order, or IRS lien.

There may be other exceptions to the 10% penalty allowed by the federal government. Contact the Internal Revenue Service or a tax expert for details before paying the penalty.

The 20% withholding **does not** apply to SBS-AP lump-sum payments **transferred directly**, through a plan-to-plan transfer, into an Individual Retirement Account (IRA), other qualified plan, or a fixed-period annuity under certain conditions. **You cannot transfer SBS-AP money to a ROTH IRA.**

Important information about payments and taxes will be provided to you with an *Annuity Benefit Election* form. If you do not receive this information or you have questions, contact the Defined Contribution Plan Section at (907) 465-4460.

---

## Alaska Deferred Compensation Plan

You are eligible to receive payment of your Deferred Compensation Plan (DCP) account after you terminate. The payment options are listed on page 6. You are not required to complete a DCP benefit payment election form unless you wish to receive payment.

If you do not want to receive payment of your DCP account, you **can** defer payment to April 1 of the calendar year following the year you attain age 70½.

To receive the payment option of your choice, you **must** complete a DCP *Benefit Payment Election (form DCP001)*.

The DCP is required to withhold 20% for federal income tax on (1) lump-sum payments paid directly to participants, (2) monthly payments under the five-year certain annuity option, and (3) periodic payments with a term of less than ten years.

The 20% withholding **does not** apply to DCP lump-sum payments **transferred directly**, through a plan-to-plan transfer, into an Individual Retirement Account (IRA), other qualified plan, or a fixed-period annuity under certain conditions. **You cannot transfer DCP money to a ROTH IRA.**

When your termination date is verified, important information about payments and taxes will be mailed to you along with a DCP *Benefit Payment Election (form DCP001)*. If you do not receive this information or have questions, contact the Defined Contribution Plan Section, Deferred Compensation at (907) 465-4495.

---

### Payment Options

#### Alaska Supplemental Annuity Plan Alaska Deferred Compensation Plan

The following page lists the payment options available under the Alaska Supplemental Annuity Plan (SBS-AP) and the Alaska Deferred Compensation Plan (DCP), with a brief description of each. If you need further information, you should contact the Division of Retirement and Benefits, Defined Contribution Plan Section at (907) 465-4460.

## **SBS-AP and DCP Payment Options**

- **Lump-sum payment.** You would receive the entire balance in one payment. You may transfer the lump sum to another qualified plan or traditional (non-ROTH) IRA.
- **Five-year certain.** You would receive equal monthly benefits for five years. If you die before receiving all of your payments, your beneficiary would receive the balance of the payments.
- **Ten-year certain.** You would receive equal monthly benefits for ten years. If you die before receiving all of your payments, your beneficiary would receive the balance of the payments.
- **15-year certain.** You would receive equal monthly benefits for 15 years. If you die before receiving all of your payments, your beneficiary would receive the balance of the payments.
- **Single-life.** You would receive monthly payments during your lifetime. No payments would be made to your beneficiary upon your death.
- **Single-life with ten-year certain.** You would receive monthly payments during your lifetime. If you die before receiving 120 payments, your beneficiary would receive the balance of the payments.
- **Single-life with 15-year certain.** You would receive monthly payments during your lifetime. If you die before receiving 180 payments, your beneficiary would receive the balance of the payments.
- **50% joint and survivor.** You would receive monthly payments during your lifetime. After your death, your survivor would receive a lifetime benefit equal to one-half of the monthly amount you were receiving.
- **100% joint and survivor.** You would receive monthly payments during your lifetime. After your death, your survivor would receive a lifetime benefit equal to the monthly amount you were receiving.

## **Additional DCP Payment Option**

- **Periodic payment.** You select either a specified dollar amount per period or a number of years to be paid, and the frequency of payment (monthly, quarterly, semiannually, or annually). Your funds continue to be invested in the options of your choice. Changes in periodic payment amount or frequency can be made twice a year.

You must provide evidence of your birth date if you select a life annuity. Evidence of your survivor's birth date is also required if you select a joint and survivor annuity.

The SBS-AP earned during a marriage is a joint asset of the marriage. ***Federal law requires married employees who have over \$5,000 in their SBS-AP accounts, to have their spouse sign a waiver before a notary public, SBS-AP plan representative, human resources staff member, or postmaster, unless they choose a joint and survivor annuity with their spouse the designated survivor.***

---

## Health Insurance

Health insurance and participation in the Health Care Reimbursement Account (HCRA) ends on the last day of the month in which you terminate (or are last in pay status, whichever is earlier). You may submit claims for services incurred prior to coverage termination.

If you are covered by the State health plan at the time of your termination, you may **purchase** health and HCRA coverage after you terminate employment. You are eligible to continue the same coverage you have at the time of termination.

Information about the plans and premiums are available from your human resources office, the Benefits Section at (907) 465-8600, or on the Internet at [www.state.ak.us/dr/b](http://www.state.ak.us/dr/b).

Members of the Alaska State Employees Association; Public Employees Local 71; Public Safety Employees Association; Master, Mates & Pilots; Teachers and Educators Association of Mt. Edgecumbe; or Alaska Correspondence Studies Employee Association should contact their health plan for information on continuing health coverage.

---

## Life Insurance

Life insurance ends on the last day of the month in which you terminate (or are last in pay status, whichever is earlier). You may convert your Optional, Select, or SBS Life Insurance coverage to a private policy with the life insurance carrier. Coverage will be a whole life policy and the premiums will be substantially different than the rate you are currently paying.

To convert to a private policy, you **must** complete a conversion form and pay the required premiums. Your conversion form must be received by the life insurance carrier within 31 days of the date that your life insurance terminates.

Contact the Benefits Section at (907) 465-8600 for the required forms and premiums.

---

## **Beneficiary Designations**

Please review your beneficiary designations periodically and make any necessary changes. Many people forget to update their designations when they marry, divorce, their spouse dies, or a beneficiary's address changes. Contact the Division of Retirement and Benefits if you need to change your designations for the:

- Public Employees' Retirement System (PERS)
- Alaska Supplemental Annuity Plan (SBS-AP)
- Alaska Deferred Compensation Plan (DCP)

A separate designation form is required for each benefit.

Beneficiary designations on file at the time of death determine the payout, not your will. Forms are available on the Internet or from your Human Resources Office.

***Keep your beneficiary designations up to date.***



## Reminder

You may be required to complete (or provide) the following forms when you terminate State employment:

### **Refund Election** (form GEN008)

If you want to receive a refund of your PERS contributions, you must complete and submit a *Refund Election* (form GEN008) to the division. It will take about 70 days to issue the refund check. You must be terminated for at least 60 days and it takes an additional 10 days to complete the refund process.

### **SBS Annuity Benefit Election** (form 02-210)

To receive payment of your SBS-AP account, you **must** complete and return this form to the division. You may elect to receive payment of your annuity account now or defer payment until a later date.

### **DCP Benefit Payment Election** (form DCP001)

To receive payment of your DCP account, you **must** complete this form when you terminate employment. You may elect to receive payment of your account now or defer payment until a later date.

### **Select Benefits COBRA Health Continuation Enrollment**

If you are covered by the State Health Plan and wish to purchase continued health and HCRA coverage, your enrollment form must be received by the claim administrator within 60 days of your coverage terminates. *If you are insured through a union trust, contact your health trust for COBRA information.*

### **Life Conversion Application**

To convert your Optional, Select, or SBS Life Insurance coverage to a private policy, your form must be received by the life insurance carrier within 31 days of the date your life insurance terminates.

### **Birth certificate or other proof of birth date**

You must provide evidence of your birth date (form 02-823) if you are selecting a single-life or joint and survivor annuity under the SBS-AP or DCP. Evidence of your spouse's birth date (form 02-823a) is also required if you select a joint and survivor annuity.

---

## *Writing the Division*

- Print your full name, address, and telephone number on your letter;
- Include your social security number; and
- Sign and date any request for information or action.

---

## *Address Changes*

Prior to leaving State service, contact your Human Resources Office to change your address in the State Payroll System.

After you terminate, if you have money in Public Employees' Retirement System (PERS), Deferred Compensation Plan (DCP), or Supplemental Annuity Plan (SBS-AP), you must notify **each** plan to change your address. You may change your address by sending written, signed requests to the division's Juneau office.

**Always keep your address current so you will receive important information regarding your benefits.**

### ***Department of Administration Division of Retirement and Benefits***

P.O. Box 110203  
Juneau, AK 99811-0203

550 W 7th Ave, Suite 1020  
Anchorage, AK 99501-3562

---

## Calling the Division

When calling the division, please tell the receptionist why you are calling and have your social security number ready.

### TELEPHONE NUMBERS

	PHONE	FAX
<b>Juneau Office:</b>	(907) 465-4460	(907) 465-3086
<b>Anchorage Field Office:</b>	(907) 269-0333	(907) 269-0280
<b>Insurance Benefits:</b>	(907) 465-8600	(907) 465-4668

TDD for the hearing impaired — (907) 465-2805

---

## Retirement & Benefits On-line

Our Internet site contains information regarding your retirement benefits, insurance benefits, Alaska Supplemental Annuity Plan, Alaska Deferred Compensation Plan, Hot News, retiree check mailing dates, e-mail contacts, forms, and more. Go to:

*[www.state.ak.us/drb](http://www.state.ak.us/drb) and click on Member Services*

---

## Visiting the Division

If you are planning to visit the division, please call ahead for an appointment. Calling ahead will save you valuable time and allow the division to review your records and prepare for your visit.

### OFFICE LOCATIONS

#### **Juneau Office:**

Department of Administration  
Division of Retirement and Benefits  
6th Floor of the State Office Building  
333 Willoughby Avenue

#### **Anchorage Field Office:**

Department of Administration  
Division of Retirement and Benefits  
550 W 7th Ave, Suite 1020

*The offices are open Monday through Friday between 8 AM and  
5 PM, with limited staff working during the noon hour.*

## **IMPORTANT!**

Read this brochure and the plan booklets carefully before making decisions that affect your benefits.

Although the information in this brochure covers the plans as they exist today, you should always contact your Human Resources Office or the Division of Retirement and Benefits for complete and up-to-date information.

The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the Division of Retirement and Benefits, ADA Coordinator, at (907) 465-4460 or the TDD for the hearing impaired at (907) 465-2805.